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C O N F I D E N T I A L SECTION 01 OF 02 ROME 001518

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SUBJECT: ITALY'S COMMUNIST CHAMBER LEADER WELCOMES USG
CONTACT

Classified By: Ambassador Ronald P. Spogli, reasons 1.4 (b) and (d)

Summary

1. (C) Communist Renewal leader Fausto Bertinotti May 17 warmly welcomed his first official contact, as Italy's new Chamber of Deputies president, with the US Ambassador. He initiated an animated discussion of Italy's economic problems, and expressed cautious optimism that the new government could pare the country's budget deficit. He was less confident about restoring overall competitiveness, and put down a marker that the country's "social model" could not be dismantled in the name of reform. On foreign policy, Bertinotti expected the government to pursue Iraq troop withdrawal plans put in place by the outgoing government, and expressed concern that the Afghanistan commitment was too open-ended; perhaps a review of goals and objectives was needed. He acknowledged the gravity of the Iranian nuclear issue, and said deterrence was required, but a military solution would be disastrous. He felt the Palestinian issue required more attention; the European Union's sins here had been less of commission than omission. Islamic fundamentalism was not only a political, but a cultural phenomenon; Italy could be a bridge between Europe and the Middle East. End summary.

Communist Renewal Chief Puts Out Welcome Mat

2. (C) Ambassador May 17 paid an introductory call on Italy's new Chamber of Deputies president, Fausto Bertinotti, the Communist Renewal Party leader. Also attending were: Ugo Zampetti, Chamber of Deputies Secretary General; Guglielmo Romano, Chief of Secretariat to Chamber President Bertinotti; and Pol M/C. The meeting lasted 45 minutes, 15 minutes over the allotted time for the courtesy call. Bertinotti warmly welcomed the Ambassador to his office, and arranged press coverage of both the beginning and end of the meeting.

3. (C) Bertinotti, a Milan native, was aware that the Ambassador had both worked in Milan and studied labor migration patterns in the 1970s. He commented that the 1960s and 1970s were the period of Italy's most intense postwar development, and the labor flows from south to north were part of a major transformation of north Italian cities in that period. The Ambassador agreed, and noted that today, too, was a period of significant transformation.

4. (C) The Ambassador said relations were close and longstanding between the US and Italy, and we were confident this would continue regardless of whether the government was left or right. The agenda of our bilateral cooperation was long, whether economic and trade issues, social and cultural exchanges, counter-terrorism cooperation, or defense and the Transatlantic alliance. Bertinotti strongly agreed, noting that US-Italian relations were a product of history and not something that changed with governments. He hoped our bilateral cooperation would continue, and perhaps expand in the area of economic ties. As Chamber president, he hoped for expanded contacts and cooperation with the US Congress as well.

First Focus: Economic

5. (C) The Ambassador asked Bertinotti what his priorities were going into the next parliamentary session. Bertinotti replied by focusing on economic issues. The economic expansion and growth of countries like India and China was an important phenomenon, and posed a problem for both Europe and the US, but especially for continental Europe. Italy had a large budget deficit, its competitiveness had suffered, and the small- and medium-sized enterprises that formed the backbone of the economy were at risk. The Mezzogiorno, Italy's south, had been neglected and required major investments in infrastructure, as well as investment to combat the hidden infrastructure of organized crime.

6. (C) He thought a Prodi government would be able to bring

down the budget deficit, although this would be difficult. It would seek to negotiate favorable terms with the European Union as it sought to bring its budget figures into compliance with EU guidelines. There should be a crackdown on tax evasion in Italy, which was three times the European average and thoroughly ingrained in the system. But, he said, reforms must be carried out in a way that does not tamper with the country's "social model". The riots in France illustrated the dangers when this was done.

Foreign Policy: Leery of Military Entanglements

17. (C) Turning to foreign policy, the Ambassador asked Bertinotti his views on Iran. But the Communist Renewal leader went straight to Iraq. He said the policy on withdrawal of troops had been laid down by the Berlusconi government, and this was the line the incoming government would follow. This was set. But even then, Italy's stance would simply be the same as that of other nations in continental Europe. The Ambassador noted the importance of not making any adjustments in a destabilizing way, and of consulting with both the Iraqi government and allies to this end. The Ambassador added that Italy's continuing commitment to the rebuilding of Iraq was also important.

18. (C) On Iran, Bertinotti declared President Ahmadinejad's comments on Israel unacceptable; Israel's existence was secure and guaranteed. The nuclear issue was very serious. The response to Iran required a concerted program of deterrence but a military solution was not the answer; this would be disastrous for the entire Mediterranean region.

19. (C) Bertinotti expressed concern about what appeared to be an open-ended role for Italy and NATO in Afghanistan. The Ambassador said Italy's role was important and much appreciated. "But do we just stay there sine die?" Bertinotti asked. Or should we step back and evaluate our goals and objectives, and the progress we are making toward them? Is it progress if the drug lords are getting militarily and economically stronger?

110. (C) The Communist Renewal chief commented on the broad resurgence of Islamic fundamentalism, noting in particular the change in Palestinian politics. He felt the European Union's position on the Palestinian issue had been weak, less sins of commission than omission. Islamic extremism reflected not only political but cultural differences between the Islamic world and the West. Bertinotti hoped that Italy could play a bridging role, because of its geographic position, between Europe and the Middle East.

Comment

111. (C) Bertinotti's party emerged stronger in the last elections and is now the governing coalition's third largest. The Communist Renewal leader went out of his way to give the Ambassador a warm welcome -- and to be seen to be doing so. This may earn him some brickbats on the chronically anti-US far left, but he will gain credit with many other elements of the Center Left, including many in his own party. His primary focus, not surprisingly for a former labor leader, was on economic and social issues, and this will likely be the focus of his lobbying both within the government coalition and in the Parliament itself. But he is also a convinced pacifist, and can be counted on to remain critical of Italy's military deployments overseas. This was also reflected in his comments on Iran -- yes, it's a serious problem, and yes, it requires concerted international attention and pressure, but for Bertinotti, military options should be off the table. End Comment.

SPOGLI